CITADEL
Group of Funds

Citadel Diversified Investment Trust

Citadel S-1 Income Trust Fund

Citadel HYTES Fund

Citadel SMaRT Fund

Citadel Premium Income Fund

Series S-1 Income Fund

Income & Equity Index Participation Fund

Energy Plus Income Trust

Citadel Stable S-1 Income Fund

Sustainable Production Energy Trust

Equal Weight Plus Fund

CGF Resource 2006 Flow-Through Limited Partnership

Financial Preferred Securities Corporation

Citadel SMaRT Fund

ANNUAL REPORT 2006

Citadel SMaRT Fund

Citadel SMaRT Fund (the "Fund" or "Citadel SMaRT") is a mutual fund investment trust which became listed on the Toronto Stock Exchange on September 14, 2001. The Fund has a termination date of December 31, 2013 or such earlier or later date as the unitholders may determine in accordance with the provisions of the Fund's Declaration of Trust.

During 2006, Citadel SMaRT paid total cash distributions of $3.36 per unit based on monthly distributions of $0.28 per unit compared to $2.568 per unit for 2005. Commencing in December 2005, the Fund increased its monthly distribution from $0.208 per unit to $0.28 per unit. In addition, Citadel SMaRT declared a special unit distribution of $0.16039 per unit (2005 - $2.4191 per unit) to unitholders of record on December 31, 2006, which was payable in units of the Fund. The unit distribution was immediately consolidated into the Fund's previously issued and outstanding units, such that the effect of the unit distribution was to keep the Fund non-taxable in 2006 and 2005. As a result of significant realized gains in 2006, the Fund allocated income in excess of distributions declared. The excess allocation resulted in an increase to the adjusted cost base of each unit.

INVESTMENT HIGHLIGHTS:

	2006	2005	2004
Net Asset Value per Unit [1]	**$ 30.47**	$ 36.90	$ 31.01
Market Price per Unit [1]	**$ 30.00**	$ 35.50	$ 30.30
Trading Premium (Discount)	**(1.5%)**	(3.8%)	(2.3%)
Cash Distributions per Unit	**$ 3.360**	$ 2.568	$ 5.146
Trailing Yield [2]	**11.2%**	7.2%	17.0%
Market Capitalization ($ millions)	**$ 79.1**	$ 108.7	$ 108.1

[1] Net asset value and market price per unit are based on year end values.

[2] Trailing yield is based on the last 12 months cash distributions declared expressed as a percentage of market price.

Management Report of Fund Performance

(March 20, 2007)

This annual report for the years ended December 31, 2006 and 2005 includes both the management report of fund performance, containing financial highlights, and the audited financial statements of Citadel SMaRT Fund (the "Fund" or "Citadel SMaRT").

Unitholders may contact us by calling toll-free 1-877-261-9674 or by visiting our website at www.citadelfunds.com to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

Citadel SMaRT's investment objectives are to provide its unitholders with monthly cash distributions and to return at the least the original issue price of the trust at termination of the Fund. In order to achieve these objectives, the Fund's investment manager actively manages a portfolio of oil and gas royalty trust units, combined with the

capital protection of 70% of the original investment obtained through a forward sale of securities purchased with approximately 34% of the proceeds of the Fund's initial public offering.

RISK

There are a number of risks associated with an investment in Citadel SMaRT. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result reduce distributions to its unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks. The Fund's exposure to fluctuations in commodity prices and foreign currency conversion rates is also mitigated by its forward agreement which provides 70% capital protection at termination of the Fund.

On October 31, 2006 the Federal Minister of Finance (the "Finance Minister") announced a proposal (the "Trust Taxation Plan") to apply a tax at the trust/partnership level on distributions of certain income from publicly traded mutual fund trusts and partnerships at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the unitholders. The Finance Minister said existing trusts and partnerships would have a four-year transition period and generally would not be subject to the new rules until 2011. Until such rules are released in legislative form and passed into law it is uncertain what the impact of such rules will be to Canadian income funds (including publicly traded partnerships) and their investors. However, assuming the Trust Taxation Plan is ultimately enacted in the form proposed, those Canadian income fund issuers in which the Trust invests (other than real estate investment trusts that meet prescribed conditions under the new rules) will be subject to the Trust Taxation Plan commencing in 2011 and the implementation of such proposal would be expected to result in adverse tax consequences to such Canadian income funds and to adversely impact cash distributions from such Canadian income funds to the Trust. Based on the composition of the Trust's Portfolio, it is not expected that the Trust itself would be considered a "specified investment flow-through" under the Trust Taxation Plan, and therefore it is expected that the Trust itself will continue not to be directly liable for any material amount of income tax.

RESULTS OF OPERATIONS

Despite strong oil prices throughout most of 2006, softening natural gas prices and the Government's Trust Taxation Plan caused significant portfolio devaluations in the latter part of the year. The Fund's net assets declined from $113.0 million at the end of 2005 to $80.4 million due to a combination of valuation declines and unit repurchases and redemptions. On a per unit basis, net asset value was $30.47 per unit at December 31, 2006 down from $36.90 per unit at the end of 2005.

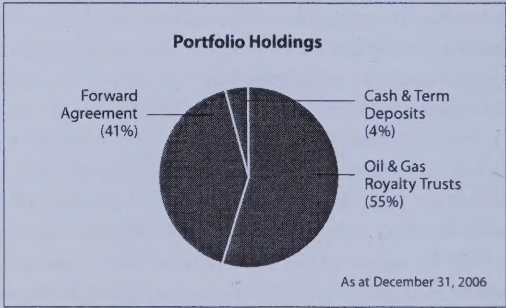
The Fund's market price also declined over 2006, closing at $30.00 per unit on December 31, 2006 down from $35.50 per unit at the end of 2005. Citadel SMaRT's unit price decline plus monthly cash distributions produced a negative 6.6% total return for 2006, while the Fund generated a negative 8.8% total return on a net asset value basis. By comparison, the S&P/TSX Energy Trust Index decreased by 3.7% over the same period.

Citadel SMaRT's total revenue fell to $7.1 million in 2006 from $7.9 million in 2005 as unit redemptions and repurchases eroded the Fund's investment base during the past year. Administrative and investment manager fees totaled $1.2 million in 2006 which is down from $1.3 million in 2005 due to a declining net asset value. Similarly, trailer and service fees of $0.66 million in 2006 were down from $0.76 million in 2005. Total general and administrative costs, including other expenses, also decreased from $0.31 million in 2005 to $0.27 million in 2006. Net investment income declined to $5.0 million or $1.78 per unit for 2006 compared to $5.5 million or $1.69 per unit for 2005 due primarily to the lower revenue.

During 2006, Citadel SMaRT paid total cash distributions of $9.4 million or $3.36 per unit compared to $8.4 million or $2.568 per unit in 2005. Effective January 1, 2006, the Fund increased its monthly distribution rate from $0.208 per unit to $0.28 per unit. In addition, the Fund declared a special unit distribution of $0.16039 per unit (2005 – $2.4191 per unit) at December 31, 2006. This unit distribution was immediately consolidated into the Fund's previously issued and outstanding units, such that the effect of the unit distribution was to keep the Fund non-taxable in 2006 and 2005.

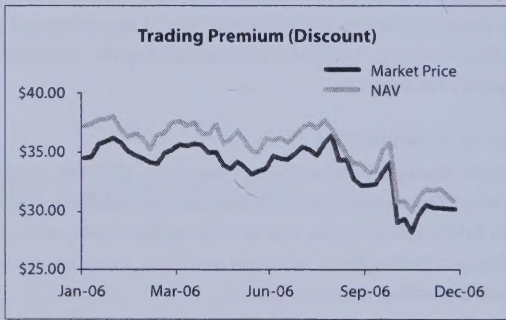
The Fund realized significant gains of $5.9 million and $7.6 million on the disposition of certain royalty trusts and on the sale of forward securities respectively in order to fund unit repurchases and redemptions. However, these realized gains were offset by unrealized losses on the royalty trusts of $19.0 million and a reduction in the unrealized gains on the forward agreement of $7.1 million. For 2005, the realized gains on the sale of royalty trusts and forward agreement were $10.1 million and $11.5 million respectively, with unrealized gains on the royalty trusts of $9.6 million and a reduction in unrealized gains of $9.5 million on the forward agreement. As a result, total results of operations were negative $7.7 million or negative $2.74 per unit in 2006 compared to positive $27.3 million or $8.33 per unit in 2005. The decline in total results of operations year over year was primarily due to the change in unrealized losses experienced in 2006.

The Fund's portfolio of oil and gas royalty trusts combined with the securities in the forward agreement was structured to provide unitholders exposure to the oil and gas sector while also providing some downside protection. As a result, the Fund's performance trailed the strong performing S&P/TSX Energy Trust Index which is fully invested in the energy sector at all times.



TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

During 2006, the Fund's market price traded at an average discount to its net asset value per unit of 4.8% compared to an average discount of 4.9% in 2005. As a result, the Fund repurchased 43,900 units at an average cost of $34.90 in 2006 under its mandatory repurchase program compared to 31,400 units at an average cost of $33.59 per unit in 2005. Under the Fund's mandatory repurchase program, the Fund is obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%, subject to 1.25% per quarter of the units outstanding.



REDEMPTIONS

Unitholders of the Fund are entitled to redeem their units on January 31, April 30, July 31 and October 31 of each year for a price equal to the Fund's net asset value less $0.80 per unit. Throughout 2006, unitholders exercised their right to redeem for a total of 381,724 units at an average cost of $36.15 per unit compared to 473,499 units at $32.62 per unit in 2005.

RECENT DEVELOPMENTS

Throughout 2006, the energy trust sector experienced pronounced periods of volatility as commodity prices rose and fell in addition to the valuation destruction created by the Government's Trust Taxation Plan. Despite the current unsettled market conditions, the Fund's investment manager feels all negative news has been priced into the trust sector and as a result is optimistic about the opportunities to generate strong returns for the Fund in 2007.

Based upon the Fund's current portfolio and analysts' estimates of distributions, Citadel SMaRT expects to maintain its monthly distribution rate of $0.28 per unit for 2007.

Investment Fund Governance Legislation

During 2006, Canadian securities regulators passed legislation requiring independent oversight over the management of Canadian investment funds. National Instrument 81-107 Independent Review Committee for Investment Funds ("NI 81-107") came into effect on November 1, 2006. Under NI 81-107, an Independent Review Committee ("IRC") is required to be established by May 1, 2007. The main responsibility of the IRC is to govern over perceived conflicts of interest between investment funds, their managers and related third parties. Policies and procedures are to be adopted no later than November 1, 2007 and investment funds must be in full compliance of NI 81-107 at that time. Citadel SMaRT continues to research and develop its IRC and expects to meet each implementation date requirement.

New CICA Financial Instrument Standard

The Canadian Institute of Chartered Accountants has recently issued Section 3855, "Financial Instruments – Recognition and Measurement". Of importance to investment funds are new definitions and requirements for determining the fair value of financial instruments, particularly investments. Since current securities regulations require that investment funds calculate Net Asset Value ("NAV") in accordance with Generally Accepted Accounting Principles ("GAAP"), This new standard impacts the way in which net asset value is determined. For securities quoted on an open market, the new standard requires the use of bid prices for an asset held as opposed to the closing prices currently used. Bid prices are normally less than closing prices which will result in lower net asset values. Currently, transaction costs such as broker fees are added to the cost base of investments purchased and deducted from the proceeds of investments sold. The new standard requires that these costs be expensed. Although this does not affect the overall NAV, it will increase expenses and the management expense ratio. The new standard is effective January 1, 2007 for Citadel SMaRT. Canadian securities regulators have been granted relief from the requirement to calculate NAV for purposes other than financial statements in accordance with this standard, allowing them and investment fund managers the opportunity to further study the issue. This relief is in effect until the earlier of September 30, 2007 and the date on which legislation with respect to calculating NAV for purposes other than financial statements is changed. Until that time, Citadel SMaRT intends to calculate NAV under the old method, specifically using closing rather than bid prices, for all purposes other than financial statements.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that we will derive therefrom.

RELATED PARTY TRANSACTIONS

Citadel CPRT Management Ltd. is the administrator of Citadel SMaRT, which is a member of the Citadel Group of Funds. CIFSG Funds Inc. provides administrative services to the administrators of the Citadel Group of Funds on a cost recovery basis. All non-fund specific costs are allocated among the Citadel Group of Funds on a relative net asset value basis.

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average daily net asset value of the Fund, payable in cash monthly in arrears. The administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements for each year in the 5 year period ended December 31, 2006.

Net Asset Value (NAV) per Unit

	2006	2005	2004	2003	2002
NAV, beginning of year	**$ 36.90**	$ 31.01	$ 30.35	$ 26.69	$ 24.65
Increase (decrease) from operations:					
Total revenue	**2.53**	2.41	2.67	2.88	2.57
Total expenses	**(0.75)**	(0.72)	(0.68)	(0.62)	(0.57)
Realized gains (losses)	**4.82**	6.61	3.27	(0.38)	0.73
Unrealized gains (losses)	**(9.34)**	0.03	0.31	3.96	2.02
Total increase (decrease) from operations	**(2.74)**	8.33	5.57	5.84	4.75
Distributions:					
From net investment income	**1.78**	1.69	1.99	2.26	2.00
From capital gains	**1.58**	0.88	3.16	–	0.50
Return of capital	**–**	–	–	0.24	–
Total cash distributions	**3.36**	2.57	5.15	2.50	2.50
NAV, end of year	**$ 30.47**	$ 36.90	$ 31.01	$ 30.35	$ 26.69

Net asset value ("NAV") and cash distributions are based on the actual number of units outstanding at the time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of NAV since it does not reflect unitholder transactions as shown on the Statement of Changes in Net Assets and accordingly columns may not add.

At the end of 2006 and 2005, the Fund declared special unit distributions which are not reflected above. These unit distributions were immediately consolidated into the Fund's previously issued and outstanding units and as a result there was no impact to the net asset value per unit.

Ratios and Supplemental Data

	2006	2005	2004	2003	2002
Net assets ($ 000's)	**$ 80,378**	$ 113,021	$ 110,641	$ 148,254	$ 161,407
Number of units outstanding	**2,637,678**	3,063,302	3,568,201	4,885,451	6,046,662
Management expense ratio	**2.13%**	2.15%	2.16%	2.17%	2.10%
Portfolio turnover ratio	**21.73%**	14.27%	2.02%	0.00%	4.92%
Trading expense ratio	**0.03%**	0.05%	0.06%	0.06%	0.09%
Closing market price	**$ 30.00**	$ 35.50	$ 30.30	$ 28.36	$ 25.89

Management expense ratio is based on total expenses for the period and is expressed as an annualized percentage of weekly average net assets during the period.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value. The portfolio turnover rate indicates how actively the Fund's investment manager manages the portfolio investments. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

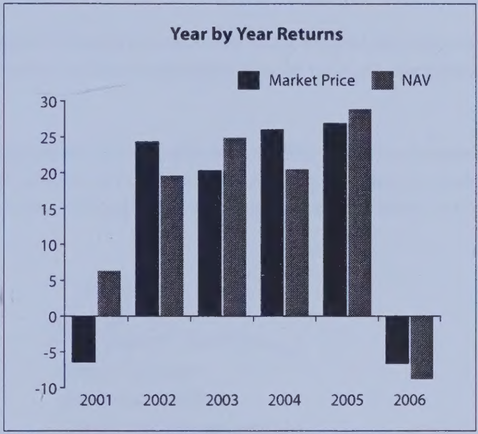
Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the period.

MANAGEMENT FEES

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average daily net asset value of the Fund, payable in cash monthly in arrears. Bloom Investment Counsel, Inc., as investment manager to the Fund, provides investment management services to the Fund in exchange for its share of the management fee. These fees represent payment for the administrative and investment management services provided to the Fund.

PAST PERFORMANCE

Citadel SMaRT's performance numbers represent the annual compound total returns over the period from inception in September 2001 to December 31, 2006 (except for returns of less than one year which are compound total returns). Total returns are based upon both the Fund's change in market price and net asset value plus the reinvestment of all distributions in additional units of the Fund.



Returns do not take into account sales, redemptions or income taxes payable that would have reduced returns. Past performance of the Fund does not necessarily indicate how it will perform in the future.

ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for Citadel SMaRT based on market price and net asset value with comparison to the S&P/TSX Capped Income Trust Index for the periods indicated to December 31, 2006. Historical information for the Energy Index is only available from October 2002.

	1 Year	3 Year	5 Year	Since inception
Citadel SMaRT (market price)	(6.62%)	14.32%	17.45%	14.96%
Citadel SMaRT (net asset value)	(8.75%)	12.33%	16.16%	16.57%
S&P/TSX Capped Income Trust Index	(2.85%)	17.30%	20.33%	20.50%
S&P/TSX Capped Energy Trust Index	(3.72%)	23.44%	26.77%	25.13%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2006

Net Assets: $80,377,585

Portfolio by Sector	**% of Net Assets**
Oil & Gas Royalty Trusts	**55.0%**
Forward Agreement	**41.2%**
Cash and Term Deposits	**4.3%**
Liabilities, net of other assets	**(0.5%)**
Total Net Assets	**100.0%**

TOP HOLDINGS (as a % of net assets)

Vermilion Energy Trust	11.8%	NAL Oil & Gas Trust	4.9%
ARC Energy Trust	9.2%	Shiningbank Energy Income Fund	4.8%
Enerplus Resources Fund	7.4%	Paramount Energy Trust	4.1%
PennWest Energy Trust	5.6%	Bonavista Energy Trust	1.9%
Canetic Resources Trust	5.3%		

The summary of investment portfolio may change due to ongoing portfolio transactions. Quarterly updates are available at www.citadelfunds.com.

Management's Responsibility Statement

The financial statements of Citadel SMaRT Fund have been prepared by Citadel CPRT Management Ltd. ("CPRT") and approved by the Board of Directors of CPRT. CPRT is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

CPRT maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of CPRT is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of the independent directors of the Board.

The Audit Committee on behalf of CPRT and its Board of Directors has appointed the external audit firm of PricewaterhouseCoopers LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

James T. Bruvall
Chief Executive Officer
Citadel CPRT Management Ltd.
March 20, 2007

Darren K. Duncan
Chief Financial Officer
Citadel CPRT Management Ltd.

Auditors' Report to Unitholders

To the Unitholders of Citadel SMaRT Fund

We have audited the statements of net assets and investments of Citadel SMaRT Fund as at December 31, 2006 and 2005, and the statements of operations and changes in net assets for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of management of the Fund's Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Fund as at December 31, 2006 and 2005 and the results of its operations and the changes in its net assets for the years ended December 31, 2006 and 2005 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
March 20, 2007

Statement of Net Assets

As at December 31	2006	2005
Assets		
Investments, at market	$ 77,332,826	$ 112,704,084
Cash and term deposits	3,459,565	725,552
Revenue receivable	465,919	631,824
Accounts receivable	48,536	59,615
	81,306,846	114,121,075
Liabilities		
Accounts payable and accrued liabilities	190,711	242,795
Distributions payable	738,550	857,725
	929,261	1,100,520
Net Assets representing Unitholders' Equity	$ 80,377,585	$ 113,020,555
Units outstanding (note 3)	2,637,678	3,063,302
Net asset value per unit	$ 30.47	$ 36.90

see accompanying notes

Signed on behalf of the Board,

Harold P. Milavsky
Chairman of the Board

James T. Bruvall
Director and Chief Executive Officer

Statement of Operations

For the years ended December 31	2006	2005
Revenue		
Distribution income	$ 6,999,084	$ 7,830,950
Interest income	59,161	58,764
Securities lending income	30,094	–
	7,088,339	7,889,714
Expenses		
Administrative and investment manager fees (note 5)	1,169,839	1,291,512
Trailer and service fees (note 6)	660,259	761,700
General and administration costs	101,002	145,205
Directors' fees	72,444	83,607
Reporting costs	32,059	26,640
Audit fees	22,357	23,148
Trustee fees	15,887	16,112
Legal fees	15,048	7,995
Custodial fees	9,352	8,738
	2,098,247	2,364,657
Net investment income	4,990,092	5,525,057
Net realized gain on sale of investments (note 7)	5,880,245	10,114,781
Net realized gain on forward agreement (note 7)	7,636,323	11,538,499
Net change in unrealized gain (loss) on investments	(19,029,895)	9,567,240
Net change in unrealized gain (loss) on forward agreement	(7,137,870)	(9,469,649)
Total results of operations	$ (7,661,105)	$ 27,275,928
Results of operations per unit (1)		
Net investment income	$ 1.78	$ 1.69
Net realized gain on sale of investments	2.10	3.09
Net realized gain on forward agreement	2.72	3.52
Net change in unrealized gain (loss) on investments	(6.79)	2.92
Net change in unrealized gain (loss) on forward agreement	(2.55)	(2.89)
	$ (2.74)	$ 8.33

(1) Based on the weighted average number of units outstanding.

see accompanying notes

Statement of Changes in Net Assets

For the years ended December 31	2006	2005
Net Assets – beginning of year	**$ 113,020,555**	$ 110,640,676
Operations:		
Net investment income	**4,990,092**	5,525,057
Net realized gain on sale of investments	**5,880,245**	10,114,781
Net realized gain on forward agreement	**7,636,323**	11,538,499
Net change in unrealized gain (loss) on investments	**(19,029,895)**	9,567,240
Net change in unrealized gain (loss) on forward agreement	**(7,137,870)**	(9,469,649)
	(7,661,105)	27,275,928
Unitholder Transactions: (note 3)		
Issuance of trust units	**423,057**	7,410,527
Redemption of trust units	**(14,034,821)**	(15,446,416)
Repurchase of trust units	**(1,531,933)**	(1,054,685)
	(15,143,697)	(9,090,574)
Distributions to Unitholders (note 8)		
From net investment income	**(4,990,092)**	(5,525,057)
From capital gains	**(4,848,076)**	(10,280,418)
	(9,838,168)	(15,805,475)
Net Assets – end of year	**$ 80,377,585**	$ 113,020,555
Distributions per unit	**$ 3.5204**	$ 4.9871

see accompanying notes

Statements of Investments

	December 31, 2006				December 31, 2005			
	Number of Units Held	Cost	Market Value	% of Market	*Number of Units Held*	Cost	Market Value	% of Market
Acclaim Energy Trust	–	$ –	$ –		*503,000*	$ 5,368,186	$ 9,531,850	
ARC Energy Trust	*330,000*	3,770,126	7,359,000		*410,000*	4,684,096	10,860,900	
Bonavista Energy Trust	*55,000*	1,462,890	1,548,250		*28,000*	549,696	1,066,800	
Canetic Resources Trust	*261,000*	3,210,236	4,290,840		–	–	–	
Enerplus Resources Fund	*118,000*	3,313,893	5,980,240		*128,000*	3,594,731	7,150,080	
NAL Oil & Gas Trust	*320,000*	2,835,607	3,939,200		*351,000*	3,110,307	6,346,080	
Paramount Energy Trust	*266,000*	3,373,999	3,298,400		*356,000*	4,515,578	7,892,520	
PennWest Energy Trust	*126,000*	1,968,268	4,481,820		–	–	–	
Petrofund Energy Trust	–	–	–		*241,000*	2,258,822	4,938,090	
Shiningbank Energy Income Fund	*300,000*	3,848,708	3,855,000		*390,000*	5,003,320	11,368,500	
Thunder Energy Trust	–	–	–		*334,000*	4,014,889	4,008,000	
Vermilion Energy Trust	*270,000*	3,429,675	9,450,000		*300,000*	3,810,750	8,922,000	
Viking Energy Royalty Trust	–	–	–		*275,000*	1,685,203	2,530,000	
		27,213,402	44,202,750	54.7%		38,595,578	74,614,820	65.8%
Forward Agreement (Note 4)		30,468,372	33,130,076	41.0%		28,289,690	38,089,264	33.6%
Investments		57,681,774	77,332,826	95.7%		66,885,268	112,704,084	99.4%
Cash and Term Deposits		3,459,565	3,459,565	4.3%		725,552	725,552	0.6%
Total		$ 61,141,339	$ 80,792,391	100.0%		$ 67,610,820	$ 113,429,636	100.0%

Notes to the Financial Statements

December 31, 2006 and 2005

1. STRUCTURE OF THE FUND

Citadel SMaRT Fund (the "Fund" or "Citadel SMaRT") is an open-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of July 19, 2001. The Fund commenced operations upon completion of its initial public offering on September 14, 2001. The term of the Fund continues until December 31, 2013 in accordance with the provisions of the Fund's Declaration of Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and cash equivalents

Cash consists of cash on hand and short term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are stated at market values based on closing market quotations. Average cost is used to compute realized and unrealized gains or losses on investments and on the forward agreement. Investment transactions are recorded on the trade date. The Forward Agreement is recorded at its fair value on the valuation date.

(c) Canadian income taxes

The Fund qualified as a unit trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to the unitholders in 2006 and 2005, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) Financial instruments

The fair values of the Fund's financial instruments which are comprised of cash and term deposits, revenue receivable, accounts receivable, accounts payable and accrued liabilities and distributions payable approximate their carrying amount due to the short-term maturity of these instruments.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

Issued and outstanding	**December 31, 2006**		December 31, 2005	
	Number	**Amount**	Number	Amount
Trust units – beginning of year	**3,063,302**	**$ 52,206,673**	3,568,201	$ 61,297,247
Unit distribution and consolidation	**–**	**423,057**	–	7,410,527
Repurchase and redemption of trust units	**(425,624)**	**(15,566,755)**	(504,899)	(16,501,101)
Trust units – end of year	**2,637,678**	**$ 38,222,525**	3,063,302	$ 52,206,673

The weighted average number of units outstanding for the year ended December 31, 2006 was 2,804,124 units (2005 – 3,276,010 units).

Citadel SMaRT declared a special unit distribution of $0.16039 per unit to unitholders of record on December 31, 2006, which was payable in units of the Fund. In 2005, the Fund also declared a special unit distribution of $2.4191 per unit to unitholders of record on December 31, 2005, which was payable in units of the Fund. These unit distributions were immediately consolidated into the Fund's previously issued and outstanding units.

The Fund has a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per unit of greater than 5% are repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of units outstanding at the beginning of such quarter. For the year ended December 31, 2006, Citadel SMaRT repurchased 43,900 trust units at an average cost of $34.90 per unit (2005 – 31,400 units at an average cost of $33.59 per unit) under this repurchase program.

Unitholders have the right to redeem their units on January 31, April 30, July 31 and October 31 of each year. Unitholders who redeem are entitled to a redemption price per unit equal to the Fund's net asset value per unit less $0.80 per unit. For the year ended December 31, 2006, a total of 381,724 units were redeemed and cancelled at an average cost of $36.15 per unit (2005 – 473,499 units at an average cost of $32.62 per unit).

4. FORWARD AGREEMENT

The Fund has entered into Forward Agreements with Merrill Lynch Canada Inc. ("ML") and Bank of Montreal ("BMO") pursuant to which ML and BMO will pay the Fund an amount which equals $17.50 for each unit currently outstanding (70% of initial capital) on the termination date in exchange for the Fund delivering to ML and BMO the equity securities in a forward portfolio. The securities in the forward portfolio had a cost of $30.5 million at December 31, 2006 and were comprised of common shares of Cognos Inc. (552,928 shares), Kinross Gold Corp. (1,195,303 shares) and HudBay Minerals Inc. (201,012 shares). The securities in the forward portfolio had a cost of $28.3 million at December 31, 2005 and were comprised of common shares of ATI Technologies (676,518 shares), Cognos Inc. (304,865 shares), Cott Corporation (295,544 shares), and Kinross Gold Corp. (1,195,303 shares).

Securities in the forward portfolio have been pledged to ML and BMO as security for the obligations of the Fund under the Forward Agreements. The Forward Agreements are each a direct obligation of ML and BMO, respectively, both companies with credit ratings of Moody's – Aa3. The Forward Agreements may be physically or cash settled at the option of the Fund. The Forward Agreements may be settled in whole or in part in respect of any valuation date by the Fund tendering to ML or BMO securities of the forward portfolio at a price equal to the current market value of the Forward Agreements.

5. ADMINISTRATIVE AND INVESTMENT MANAGER FEES/DIRECTORS' FEES

Citadel CPRT Management Ltd. ("CPRT") is the administrator of the Fund and Bloom Investment Counsel, Inc. is the investment manager of the Fund. Pursuant to the administrative services and investment management agreements, total annual administrative and investment management fees are based upon 1.1% of the aggregate average daily net asset value of the Fund, payable in cash monthly in arrears. For the year ended December 31, 2006, the Fund recorded an expense of $1,169,839 (2005 - $1,291,512) in respect of administration and investment management fees earned during the year. The administrative services agreement also provides for the reimbursement of certain expenses incurred by the administrator during the performance of its duties. As at December 31, 2006, included in accounts receivable were amounts owed from CPRT of $48,536 (2005 - $59,615 in accounts receivable).

Each year, directors of CPRT are paid a total of $62,500 in cash as payment for their annual retainers.

6. TRAILER AND SERVICE FEES

Citadel SMaRT pays a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by unitholders in accounts with investment dealers. An annual service fee of approximately 0.43% is payable by the Fund to ML and BMO on the guaranteed value of the Forward Agreements. An additional annual service fee of 0.25% and 0.10% is payable to ML and BMO, respectively, relating to costs incurred by them under the Forward Agreements. For the year ended December 31, 2006, the Fund recorded an expense of $390,272 (2005 - $439,125) relating to trailer fees and $269,987 (2005 - $322,575) relating to service fees.

7. INVESTMENTS

The net realized gain on the sale of investments was determined as follows:

For the years ended December 31	2006	2005
Net proceeds from the sale of securities	$ 24,400,181	$ 26,096,608
Less cost of securities sold:		
Investments at cost – beginning of year	38,595,578	49,769,153
Investments purchased during year	7,137,760	4,808,252
Investments at cost – end of year	(27,213,402)	(38,595,578)
Cost of investments disposed of during year	18,519,936	15,981,827
Net realized gain on sale of investments	$ 5,880,245	$ 10,114,781

The net realized gain on the sale of forward agreement was determined as follows:

For the years ended December 31	2006	2005
Proceeds from the sale of securities	$ 22,207,658	$ 17,694,239
Less cost of securities sold:		
Investments at cost – beginning of year	28,289,690	22,524,657
Investments purchased during the year	16,750,017	11,920,773
Investments at cost – end of year	(30,468,372)	(28,289,690)
Cost of investments disposed of during year	14,571,335	6,155,740
Net realized gain on sale of forward agreement	$ 7,636,323	$ 11,538,499

8. DISTRIBUTIONS

The Fund pays out monthly cash distributions based upon investment income received by the Fund less estimated expenses. For the years ended 2006 and 2005, the Fund also distributed a portion of its realized capital gains in order to supplement distributions.

For the years ended December	2006	2005
Net investment income for the year	$ 4,990,092	$ 5,525,057
Capital distributed	4,425,019	2,869,891
Cash distributions	9,415,111	8,394,948
Special unit distribution	423,057	7,410,527
Total distributions	$ 9,838,168	$ 15,805,475
Cash distributions per unit	$ 3.3600	$ 2.5680
Special distribution per unit	0.1604	2.4191
Total distribution per unit	$ 3.5204	$ 4.9871

9. BROKER COMMISSIONS

For the year ended December 31, 2006, the Fund paid commissions to brokers of $31,368 (2005 – $51,055) and they are recorded in the purchase and sale of investments.

10. SECURITIES LENDING

The Fund engaged in securities lending during 2006 and as at December 31, 2006, the Fund had lent out $16.9 million of its portfolio securities with $18.2 million of collateral in primarily federal and provincial bonds.

Corporate Information

Administrators

Citadel Diversified Management Ltd.
Citadel S1 Management Ltd.
Citadel TEF Management Ltd.
Citadel CPRT Management Ltd.
Citadel Series Management Ltd.
Equity Lift Management Ltd.
N.A. Energy Management Inc.
Stable Yield Management Inc.
Sustainable PE Management Inc.
Equal Weight Management Ltd.
CGF Funds Management Ltd.
CGF Resource FT Funds Management Ltd.
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Toll Free: 1 877 261-9674
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Website: www.citadelfunds.com
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Investment Manager

(CTD.un, SDL.un, CHF.un, CRT.un, SRC.un and CSR.un)
Bloom Investment Counsel, Inc.
Suite 1710, 150 York Street
Toronto, Ontario M5H 3S5

Investment Manager

(EPF.un, SPU.un and CGF Resource 2006)
Galileo Equity Management Inc.
161 Bay Street, Suite 4730
Toronto, Ontario M5J 2S1

Investment Manager

(CPF.un)
Fiera YMG Capital Inc.
1501 McGill College Avenue, Suite 900
Montreal, Quebec H3A 3M8

Rebalancing Advisor

(IEP.un, EQW.un and FPR.pr.a)
Shaunessy Investment Counsel Inc.
Suite 504, 933-17th Avenue S.W.
Calgary, Alberta T2T 5R6

Directors and Officers

Harold P. Milavsky - Chairman of the Board
Micheline Bouchard - Director
Doug D. Baldwin - Director
Kent J. MacIntyre - Director
James T. Bruvall - Director and Chief Executive Officer
Darren K. Duncan - Chief Financial Officer

Trustee

Computershare Trust Company of Canada
Sixth Floor
530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Custodian

CIBC Mellon Global Securities Services Company
320 Bay Street, 6th Floor
Toronto, Ontario M5H 4A6

Legal Counsel

Stikeman Elliott LLP
4300 Bankers Hall West
888 - 3rd Street S.W.
Calgary, Alberta T2P 5C5

Auditors

PricewaterhouseCoopers LLP
3100, 111 - 5th Avenue S.W.
Calgary, Alberta T2P 5L3

Stock Exchange Listings

The Toronto Stock Exchange
Citadel Diversified Investment Trust units: **CTD.un**
Citadel S-1 Income Trust Fund units: **SDL.un**
Citadel HYTES Fund units: **CHF.un**
Citadel SMaRT Fund units: **CRT.un**
Citadel Premium Income Fund units: **CPF.un**
Series S-1 Income Fund units: **SRC.un**
Income & Equity Index Participation Fund units: **IEP.un**
Energy Plus Income Trust units: **EPF.un**
Citadel Stable S-1 Income Fund units: **CSR.un**
Sustainable Production Energy Trust units: **SPU.un**
Equal Weight Plus Fund units: **EQW.un**
Financial Preferred Securities Corporation shares: **FPR.pr.a**
CGF Resource 2006 Flow-Through Limited Partnership units: not listed

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Group of Funds

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